



STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF ACCOUNTING

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M E M O R A N D U M

#07-01

TO: All Department and School Fiscal Officers

FROM: Trisha L. Neely, Director

DATE: July 5, 2006

SUBJECT: **Fiscal Year 2007 Start Up**

Your beginning FY 2007 Daily Validity Balance Report, Statement of Available Funds, Schedule of Encumbrances, and Transactions Processed that reflect your FY 07 beginning balances and activity are available on Mobius or are being mailed, depending upon whether you still receive printed reports. These reports show SB 350 (the FY 07 Budget Act) and all your carry forward appropriation accounts. This same process will be followed for your regular June monthly and FY 06 year-end reports. All documents submitted have been processed, unless you were advised otherwise.

If you have questions concerning your beginning appropriation numbers, contact your assigned analyst in the Budget Office. Questions concerning the amounts in your appropriations should be directed to your Division of Accounting State Accountant.

Please review and complete the attached Letter of Representation in reference to the Statewide Financial Review for Fiscal Year ending June 30, 2006, and forward it to my office upon completion of your GAAP package, but no later than **August 11, 2006**.

The purpose of the Letter of Representation is to acknowledge management's responsibility for the accuracy of the information submitted in the GAAP packages, for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising a system of internal control that will, among other things, help assure the preparation of accurate financial statements. If there are significant items that need to be reported under numbers 2, 3, 4, 5, 9, and 10, please fully disclose these items at the bottom of the letter or in a separate attachment. If you have any questions regarding the Letter of Representation, please contact Valerie Watson at 744-1037.

TLN:eed

Attachment

STATE OF DELAWARE

LETTER OF REPRESENTATION

Department/School District_____

Trisha L. Neely, Director
Division of Accounting
Thomas Collins Building
540 S. DuPont Highway

Dover, DE 19901

Dear Ms. Neely:

We are providing this letter in connection with your preparation of the basic financial statements of the State of Delaware, as of and for the year ended June 30, 2006. We confirm that we are responsible for the fair presentation of the generally accepted accounting principles (GAAP) package. We acknowledge management's responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising a system of internal control that will, among other things, help assure the preparation of accurate financial statements.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you:

1. The GAAP package referred to above and submitted to your office has been completed per the GAAP package instructions and information submitted agrees to our financial records and related data. Documentation is available for review by the Division of Accounting, the State's auditors, or other auditors upon request to verify the accuracy of the data reported.
2. There have been no:
 - a. Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

- b. Violations or possible violations of laws or regulations, the effects of which should be considered for disclosure in the basic financial statements or as a basis for recording a loss contingency.
 - c. False statements affecting the GAAP package made to you, the State's auditors, or other auditors who have audited information under our control, which may be used in the preparation of the Statewide Comprehensive Annual Financial Report.
- 3. There are no Significant deficiencies in the design or operation of internal controls, which could adversely affect this organization's ability to record, process, summarize and report financial data, and we have identified no material weakness in internal controls.
- 4. There are no:
 - a. Unasserted claims or assessments that our lawyers have advised us are probable of assertion and must be disclosed.
 - b. Other liabilities or gain or loss contingencies that is required to be accrued or disclosed.
 - c. Material transactions, for example, grants or accounts receivable that have not been properly recorded in the accounting records underlying the GAAP package.
 - d. Events that have occurred subsequent to the date of the GAAP package and through the date of this letter that would require adjustments to or disclosure in the GAAP package.
- 5. This organization has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- 6. Capital assets are properly capitalized and reported in the State's Fixed Asset Accounting System.
- 7. Deposits and investment securities are properly classified and reported.
- 8. The organization has complied, in all material respects, with applicable laws, regulations, and grants that could have a material effect on the GAAP package in the event of noncompliance.
- 9. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a. Management,
 - b. Employees who have significant roles in internal control over financial reporting, or
 - c. Others where the fraud could have a material effect on the financial statements.
- 10. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
- 11. Receivables reported in the GAAP package represent valid claims against debtors for taxes, fines and fees or other charges arising on or before the balance sheet date.

12. The organization has satisfactory title to all owned assets and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, in accordance with the Delaware Code.
13. Construction Work in Progress (CWIP) as reported in the GAAP package represented actual expenditures during the fiscal year on projects still in progress at year end and that all projects completed during the year have been closed out of CWIP and entered into the Capital Assets system by fiscal year end.

Signature of Department Secretary or School Superintendent

Date

Chief Financial Officer

Date